



FISCAL UPDATE Article

Fiscal Services Division

June 14, 2017



DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP LEASE-PURCHASE

The Legislative Services Agency (LSA) received a lease-purchase notification from the Department of Agriculture and Land Stewardship on June 5, 2017, for the purchase of equipment used to identify chemical compounds in samples including but not limited to animal feed, vegetation, food, and water. The equipment will help to determine if a sample is contaminated with toxic chemical compounds that pose a potential threat to human and animal health or the environment.

The total cost of the project is \$343,000. The Department will use \$110,000 in federal grant funds as a down payment, leaving \$233,000 to be financed through the proposed lease-purchase.

The estimated cost of the lease-purchase is \$238,000, including \$233,000 in principal and \$5,000 in interest. The agreement will be for a period of three years at an estimated interest rate of 1.95%. The annual debt service payments are estimated to total \$79,500 and will be funded with a federal grant.

Iowa Code section [8.46](#) requires State agencies proposing to enter into a lease-purchase agreement of at least \$50,000 to notify the LSA at least 30 days prior to entering into a contract. The Iowa Code section also requires the LSA to submit all notifications to the Legislative Fiscal Committee.

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